Message Text

CONFIDENTIAL

PAGE 01 BAGHDA 00115 180702Z ACTION NEA-10

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 CIAE-00

DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 FEA-01 ERDA-05 AID-05

CEA-01 CIEP-01 COME-00 EB-07 FPC-01 INT-05 OMB-01

OES-06 STR-04 TRSE-00 ACDA-07 /146 W

-----180711Z 075406/22

R 180541Z JAN 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4042

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

CONFIDENTIAL BAGHDAD 0115

E.O. 11652: GDS TAGS: ENRG, IZ, SA CONFIDENTIAL

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SUBJECT: OPEC: IRAQIS MAY ATTEMPT USE U.S. POSITION ON ABU DAOUD CASE TO PRESSURE SAUDIS

REF: CERP 4250

1. WE HAVE BEEN TOLD BY SOURCE, WHO HAS REPORTED RELIABLY IN PAST ON SOME MATTERS BUT WHOSE RELIABILITY CONCERNING

PETROLEUM TOPICS IS UNKNOWN, THAT IRAQ WILL ATTEMPT TO USE U.S. POSITION ON ABU DAOUD CASE TO MOBILIZE ARAB PRESSURE ON SAUDI OIL MINISTER YAMANI TO MAINTAIN SAUDI'S OIL PRODUCTION AT 8.5 BILLION BARRELS DAILY. ACCORDING TO SOURCE, U.S. POSITION CONCERNING FRANCE'S RELEASE OF ABU DAOUD PROVES U.S. POLICY STILL DOMINATED BY "ZIONISTS", AND PRESIDENT-ELECT CARTER'S REMARKS SHOW IT WILL CONTINUE TO BE. ESSENCE OF ARGUMENT TO SAUDIS WILL BE THAT THEY ARE RECEIVING AND WILL RECEIVE NOTHING IN RETURN FOR THEIR ACQUIESCENCE TO U.S. PRESSURE TO INCREASE OIL PRODUCTION AND MAINTAIN A LOWER PRICE LEVEL THAN THE "OPEC ELEVEN".

2. COMMENT: IRAQIS, AS USUAL, ARE MAINTAINING SECRECY ON ANY DECISIONS THEY MAY HAVE REACHED ON OIL PRICING AND PRODUCTION. SINCE JANUARY 1 OPEC PRICE INCREASE. COMPLETION OF PIPELINE THROUGH TURKEY TO MEDITERRANEAN AND RECENT AGREEMENT WITH TURKEY FOR INITIAL SALE OF 10 MILLION TONS PER YEAR WILL HELP IRAOIS ABSORB SHOCK OF NEW MARKETING SITUATION. ADDITIONAL INDICATIONS OF IRAQI MARKETING POLICIES MAY APPEAR IN NEXT FEW WEEKS WHEN SEVERAL EUROPEAN COUNTRIES, INCLUDING ITALY AND FRANCE, WILL BEGIN NEGOTIATING NEW CONTRACTS WITH IRAQ FOR THE PURCHASE OF CRUDE. ONE OF FRANCE'S CONSIDERATIONS IN RELEASING ABU DAOUD (WHO HAD AN IRAQI PASSPORT) MAY HAVE BEEN THE IMMINENCE OF NEW FRENCH OIL NEGOTIATIONS WITH IRAQ WHICH FRENCH COMMERCIAL ATTACHE SAYS WILL BEGIN IN ABOUT TWO WEEKS. END COMMENT. CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X

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TAGS: ENRG, PFOR, IZ, SA, US, OPEC, (DAOUD, ABU)

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